

Introduced by Senator RubioFebruary 17, 2011

An act to add Article 7 (commencing with Section 10390) to Chapter 2 of Part 2 of Division 2 of the Public Contract Code, relating to public contracts.

LEGISLATIVE COUNSEL'S DIGEST

SB 497, as introduced, Rubio. Public contracts: bid preferences.

Existing law imposes various requirements with respect to contracting by state agencies.

This bill would require a state agency that accepts bids or proposals for a contract for supplies, materials, or equipment to provide a preference of 5 percent to a California business meeting specified criteria. The bill would also require the Department of General Services to establish a process to verify that a business meets the criteria for the 5-percent preference.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) California faces the most severe economic downturn since
- 4 the Great Depression. Over two million Californians are out of
- 5 work and California's unemployment rate is one of the highest in
- 6 the nation.
- 7 (b) At a time of scarce state resources, state contracts should be
- 8 used to stimulate our state economy and put people back to work.

1 (c) The purpose of this act is to revive local communities by
2 creating new jobs and stimulating the economy.

3 SEC. 2. Article 7 (commencing with Section 10390) is added
4 to Chapter 2 of Part 2 of Division 2 of the Public Contract Code,
5 to read:

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7 Article 7. Preference for Businesses that Employ State Residents
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9 10390. (a) Notwithstanding any other provision, any state
10 agency that accepts bids or proposals for a contract for supplies,
11 materials, or equipment shall provide a preference of 5 percent to
12 a California business, as defined in subdivision (b). The preference
13 shall be provided as follows:

14 (1) For solicitations to be awarded to the lowest responsible
15 bidder meeting specifications, the preference to a California
16 business shall be 5 percent of the bid price of the lowest responsible
17 bidder meeting specifications.

18 (2) For solicitations to be awarded to the highest scored bidder
19 based on evaluation factors in addition to price, the preference to
20 a California business shall be 5 percent of the total score of the
21 highest responsible bidder.

22 (3) The preferences awarded pursuant to paragraph (1) or (2)
23 shall not be awarded to a noncompliant bidder and shall not be
24 used to satisfy any applicable minimum requirements.

25 (4) In order to be eligible for the 5-percent preference authorized
26 pursuant to this section, a business shall submit all required
27 substantiating documentation and information needed by the state
28 agency to determine if the business is eligible for the preference.

29 (b) For purposes of this section, "California business" means a
30 sole proprietorship, partnership, joint venture, limited liability
31 company, corporation, or other business entity, that holds any
32 required business license when bids for the public contract were
33 opened, that has its principal place of business in California, that
34 would directly provide the supplies, materials, or equipment, for
35 the public contract and that certifies that at least 90 percent of the
36 business's employees performing work on the contract are residents
37 of this state.

1 (c) The Department of General Services shall establish a process
2 to verify that a business meets the criteria for the 5-percent
3 preference.

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